

OF THE CITY OF NEWARK NEW JERSEY

community renewal program
fiscal analysis

THE CITY OF NEWARK, NEW JERSEY

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The FIRST NATIONAL BANK *of* BOSTON
BOSTON, MASSACHUSETTS 02106

January 3, 1966

Mr. Alfred J. Walker
Director of Urban Renewal
Housing Authority of the City of Newark
57 Sussex Avenue
Newark, New Jersey 07103

Dear Mr. Walker:

Pursuant to the contract entered into as of June 1, 1964 between the Housing Authority and this Bank, we enclose our report to be used as part of the Community Renewal Program of the City of Newark.

Our contract provided for studying the relationship of estimated renewal costs to other projected local capital and operating costs and to projected revenues. This involved analysis of costs for various public capital and operating requirements for renewal and other activities, appraisal of the community's existing debt and tax structure, projections of revenues from local taxation and other sources, and similar financial factors which will affect the rate at which the City will be able to carry out its urban renewal program. Our work included supervising the gathering of data from various city departments regarding past trends of functional and capital expenditures, borrowing, revenues and tax assessments as well as projections of future expenditures, and revenues forecasted by the various city departments.

In accordance with other provisions of our contract we include in our report:

1. A long-range fiscal program based on future projections of municipal operating and capital budget expenditures, urban renewal expenditures, debt service schedules, consolidations and alternatives. These

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BOSTON, MASSACHUSETTS 02108

January 3, 1968

Mr. Alfred L. Parker
Director of Urban Renewal
Housing Authority of the City of New York
40 Nassau Street
New York, New York 10038

Dear Mr. Parker:

Reference is made to the enclosed letter dated as of June 1, 1967 between the Housing

Authority of the City of New York and the Housing Authority of the City of New York

concerning the renewal program of the City of New York.

Our company has been engaged in studying the relationship of estimated revenue

to other projected local capital and operating costs and to projected revenues.

This involved analysis of costs for various public capital and operating projects

and for various and other activities, separated by the community's various

and for various, projections of revenues from local taxation and other

sources, and finally to the local factors which will affect the rate at which the

City will be able to carry out its urban renewal program. Our work included

estimating the revenue of each from various city departments, such as the

costs of local capital and operating expenditures, borrowing, revenues, and tax

expenditures as well as a projection of future expenditures, and revenues less

costs by the various city departments.

In accordance with other provisions of our contract we include in our report a

long-range forecast of the City's revenue and expenditures, based on the

assumptions and capital budget, expenditures, and other factors which

will affect the rate at which the City will be able to carry out its urban renewal

Mr. Alfred J. Walker

Projections cover twelve years which should be a time period enabling the effectuation of all of the urban renewal objectives contained in the Community Renewal Program submitted to us. Later in this report we shall submit recommendations regarding timing of capital expenditures and debt service.

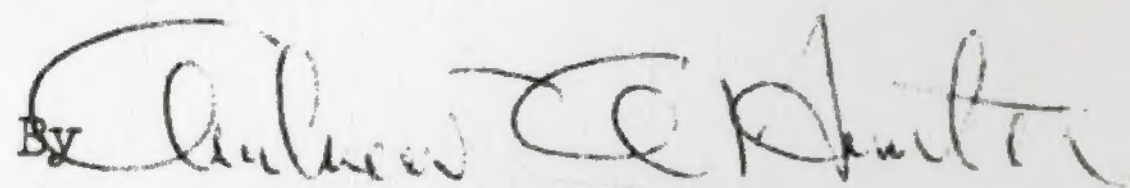
2. An evaluation of the City's tax and revenue structure with emphasis on the necessary revenues that will allow the City to carry out its long-range fiscal program.
3. A review of alternative methods of financing the City's long-range fiscal program including additional sources of income to the extent they are required.
4. Consideration of necessary revision of local, state, county and federal legislation affecting the financing of urban renewal and community improvement programs.

In conclusion, we should like to thank the members of the Housing Authority staff and the City officials for their cooperation with our representatives. The willingness of everyone in Newark to answer questions and make material available helped to make our research much more fruitful. The business community was just as helpful, and the cooperation between business and political leaders in Newark was most encouraging to see.

We hope our report will prove helpful to the City and would be glad to answer any questions you may have.

Very truly yours

The First National Bank of Boston

By 

Andrew A. Hunter
Municipal Securities Officer

Mr. Alfred L. Walker

Projections cover twelve years which should be a time period enabling the City to plan for the future. The projections are based on the assumption that the City will continue to grow at the same rate as in the past. The projections are based on the assumption that the City will continue to grow at the same rate as in the past. The projections are based on the assumption that the City will continue to grow at the same rate as in the past.

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The First National Bank of Boston

Andrew A. Hunter

Andrew A. Hunter
Municipal Securities Officer

This analysis was made as one part of a Community Renewal Program being developed by the Housing Authority of the City of Newark in its capacity as renewal authority of the City. Therefore it should be read in conjunction with the reports of the other consultants working on the Program in order to understand the overall scope of the plan being developed for the City. As part of our contract, we have reviewed the Economic Base Study made by the Division of Economic Research, Seton Hall University, as well as the recommendations as to land marketability made by the Urban Land Institute, and find no important points of disagreement. We concur with both consultants' recommendations made by

Fiscal Analysis of the

CITY OF NEWARK

NEW JERSEY

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HOUSING AUTHORITY OF THE CITY OF NEWARK

Before undertaking an analysis of the Housing Authority of Newark, we feel some general comments about the City and its history are helpful in understanding our report.

HISTORY, GEOGRAPHY AND GOVERNMENT

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Before undertaking an analysis of the Community Renewal Program, we feel some general comments about the City and the area will prove helpful in understanding our report.

HISTORY, GEOGRAPHY AND GOVERNMENT

Newark is the largest City in the State of New Jersey and leading commercial and industrial community in the State. Newark, which was settled in 1666, is surrounded by other old municipalities and the only significant amount

of vacant land now available for development is in the meadows, where sub soil conditions which have limited interest in construction are hopefully to be mitigated by the Urban Renewal Program. Because of the age of the City much of the land is held in small units and many of the buildings, public and private, are old. Land use in the City is thoroughly mixed and one of the goals of the Community Renewal Program is to make actual use and zoning more nearly correspond.

In the past few years average income of families living in the City has declined along with total population. Industrial employment in Newark has declined while wholesale and retail employment has increased, and financial type jobs remained relatively constant. All of these factors have combined into a situation where the City's need to provide services to the community has increased while the ability of its residents to pay increased real estate taxes has declined. Another goal of the Community Renewal Program is to develop solutions to this problem.

The City is a part of the New York metropolitan area, as well as serving as the center of a standard metropolitan statistical area of its own. The intricate interworkings of this huge area have contributed in part to the problems facing Newark today, but we think they may be one of the City's great assets. The existence of rapid transit connections to Manhattan via the Port Authority Trans Hudson subway to Wall Street and 34th Street, and express bus service to the Port Authority West Side Terminal on 41st Street have not been exploited to any extent. The redevelopment of the area next to Pennsylvania Station in Newark may result in the transfer of a significant

number of jobs from New York City when employers come to realize the ease of access Newark has to the regional center.

INTERGOVERNMENTAL RELATIONS

The Board of Education of the City of Newark is an autonomous body whose members are appointed for three year terms by the Mayor, and who serve without pay. The Board is responsible for primary and secondary education in the City and the maintenance and operation of the City's schools. The budget approved by the Board must be further approved by the Board of School Estimate consisting of the Mayor, two City Councilmen and two members of the Board of Education, and finally, approved by the Municipal Council. The New Jersey statutes visualize a net debt limit of four per cent of a three year average of the City's valuation as being adequate for school purposes, but provide that the Board of Education may use, in addition, part of the City's general debt limit if the Mayor and Council approve. At the moment school debt is within the four per cent limit, but the Board is discussing a \$40,000,000 program to relieve a shortage of classrooms and eventually must begin a program to replace some of its older buildings. Since only a small part of the school program is included in the present Community Renewal Program, the actions of the Board of Education may have an important effect on the City's ability to handle other projects as currently projected. As we will show later in this report, the school budget and school debt are the fastest growing part of the City's expenses, and this trend cannot be expected to change.

The Freeholders of the County of Essex, an independently elected group, provide a variety of services to Newark and communities to the west and north of the City. Chronic disease, mental health and tubercular hospitals; a jail and a

penitentiary; highways; vocational schools and parks are among the items in the County budget as are courts and welfare. In New Jersey, all welfare services except general relief are provided through the counties. As a result of this variety of duties, the County budget which involved raising \$9,841,762 in taxes during 1945, required \$41,337,596 in 1964, \$43,405,054 in 1965 and may exceed \$49,000,000 in 1966. Major items causing the 1965 increase included \$916,000 in higher welfare costs, \$402,000 capital outlay, \$350,000 for pay raises, \$283,000 hospitals, \$272,000 law enforcement and \$260,000 expense of public parks. Newark's share of the County expenses in 1965 was 32.5% based on the relationship between the City's valuation and the total valuation of all communities in the County. The County is engaged in a large capital outlay program involving its various institutions, but the total amount involved or the timing are not available.

The Passaic Valley Sewerage Commission, of which the City is a member, provides sewage collection and disposal services for twenty communities in the vicinity of Newark. While the system is operated on a break-even basis and rentals are apportioned on the basis of sewage contributed, Newark is one of the original contracting municipalities and could be called on through the mechanism of increased rentals to cover defaults of other members. It would be conservative to say about 35% of the Commission's debt might be a liability of the City.

The Newark Parking Authority financed the construction of the Military Park Garage through the issue of revenue bonds guaranteed by the City. These bonds have never been funded on a long term basis, and are currently being reduced at the rate of \$100,000 a year. It is supposed they will be funded at a time when revenues of the Authority will support the debt and provide needed reserves, and at that time the City's guarantee may be relinquished.

Water bonds of the City of Newark are general obligations of the City but are normally not considered in discussions of bonded debt since they are self-supporting. The provision of such improvements to the water system as are projected in the City's capital improvement program will not cause any change in the ability of the water fund to service its debt.

The obligations of the Port of New York Authority are not a responsibility of the City although the Authority now operates Port Newark and Newark Airport. It is interesting to observe the income to the City during 1964 on the investment transferred to the Authority was only \$128,000 even though the City paid \$399,220 that year in debt service on bonds sold to finance improvements to these two properties. As of December 31, 1965 the City will have \$869,000 in debt remaining from its ownership of the Port and Airport. In the same manner the City still owes \$2,004,000 on the City Subway which is leased to Public Service Coordinated Transit. In 1965 that firm contributed \$120,000 towards total debt service of \$342,126.

STATE REGULATION

The State of New Jersey through Title 40A of the New Jersey Revised Statutes exercises supervision over the financial affairs of all municipalities and counties within the state. In 1964 the local bond law (N.J.S. 40A:2) was amended to substitute equalized valuation for assessed valuation as the basis for computing debt limits. At the same time 3 1/2% of a three-year average of equalized valuation was established as the net debt allowed to a municipality. In 1965, all future borrowing for the local share of urban renewal costs was added to the list of items to be excluded when computing net debt. Thus in Newark's case, net debt now means all debt authorized by the City, whether or

not issued, less (1) borrowing authorized in 1965 or later years towards the local share of urban renewal costs, (2) an amount of school debt not in excess of 4% of equalized valuation, (3) all bond anticipation notes since the underlying bonds are in the gross debt, and (4) all self-liquidating debt. Newark's water bonds would meet the definition of self-liquidating debt, but the \$5,400,000 of Parking Authority revenue bonds guaranteed by the City do not seem to meet the standards prescribed.

The Local Government Board established by the State of New Jersey has been given the power to waive debt limits where it finds such an action to be in the public interest, so there does not exist an absolute limit on bonding capacity which will complicate Newark's financing of the costs of carrying out its Community Renewal Program.

The State prescribes that the City will operate on a cash budget, and must raise each year sufficient revenues to match municipal expenses plus the amount required for school purposes and county taxes. The State has not levied a tax on municipalities since 1946 but, on the other hand, has not authorized much in the way of assistance towards meeting local budgets or given municipalities many alternative sources of revenues. In 1963 local governments in the State raised \$1,306,020,000 in total revenues of which \$990,207,000 came from current tax collections, while only \$11,887,000 came from state aid.

PROPERTY TAX

For many years there has been heated discussion in New Jersey of the reliance on the property tax for such a high percentage of local revenue, and since 1945 there has been a Commission on State Tax Policy to study the matter.

The 1948 Constitution of New Jersey provided for assessment of property taxes in a general and uniform manner. Real property could be valued at some standard decided by the legislature but without special classes, while personal property could be classified. For years nothing much was done to implement this and though true value remained the legal standard of assessment, many different standards were actually used. The result was litigation ending in a state supreme court decision in 1957 enforcing assessment at market value and another decision in 1960 where the court said it would no longer look the other way when it saw discrepancies between local practices and statutory requirements.

In an attempt to establish the varying tax levels allowed by the constitution, the 1960 legislature adopted what is known as Chapter 51. This finally went into effect in 1964, after several postponements and modifications, and provides for business to file by September 1 of each year reports showing the value of machinery, equipment and inventory to help assessors set tax rates for the next year. Under Chapter 51, real property would continue to be assessed at true value, with a taxable value established by each county at some multiple of 10% of true value between 20% and 100%. Tangible personal property used in business could be taxed at a different level but must be assessed at 65% of net book value in the case of machinery and equipment while inventory is valued at 25% of the level used for real property. Chapter 51 provides for a limit on depreciation of business machinery and equipment, so its value never falls below 20% of cost. Household property now can be exempted at local option. A two year trial period ending in 1966 is designed to give time to evaluate the effect of some of the changes caused by Chapter 51 and the law requires business to pay an annual tax on personal property equal to

the 1964 tax during that period. If no other changes are made by 1967, all of the special provisions just outlined expire and each county will be free to fix its own level of true value and tax all real and personal property at that level. There have been many complaints about the complexity of the figures needed to administer Chapter 51, and the implication of language allowing the rate on business personal property to be different from that on homeowners' real property.

In 1965 and 1966 Newark will have two tax rates, one for business personal property, known as the Personalty Rate, and one for real property, known as the General Tax Rate. The Personalty Rate will be established in such a way as to produce the same number of tax dollars in 1965 and 1966 as it did in 1963. However, it seems clear that in 1967 there will be a substantial lowering of the total valuation in the City of Newark without any offsetting decrease in the net cost of operating the City, the schools or the County. Some of this drop may be offset by a revaluation ordered by the County tax officials, but as the City claims its assessments are closely related to actual value, the main result of Chapter 51 will be a large increase in the General Tax Rate in 1967. A special Commission appointed by the Governor and Legislature is studying this problem, and should report during 1966 as to any modifications of Chapter 51, which would be beneficial. Since a substantial body of opinion holds that the report will recommend total elimination of Chapter 51, we have not considered the possible effects of full implementation of the changes in business personal property assessment on Newark's tax rate in 1967 and following years.

INCOME

Examination of the revenues of the City over the past twenty years indicates some improvement in the absolute dollar amount of aid received from non-property tax sources, but a continuation of a high degree of reliance on real estate.

<u>Revenue</u>	<u>1945</u>	<u>1964</u>
Total Revenue	100.0%	100.0%
From Surplus	3.5	3.0
Current Property Tax	79.7	76.04
Delinquent Taxes	3.3	4.0
State Administered Taxes	5.2	7.1
Income from other governments	.1	1.8

The statistics on revenue sited in "The Municipal Year Book - 1965" show the following composition for revenue of cities in 1963 as compared to Newark's 1963 income.

<u>Selected Items</u>	<u>Percent of City's 1963 General Revenue</u>	
	<u>Average</u>	<u>Newark</u>
Property Tax	43.3%	72.7%
Other Taxes	16.2	9.7
Intergovernmental Revenue	20.6	11.4

The figures for other cities actually do not show the problem Newark is facing since many communities in other states are not responsible for meeting any part of local education expense, and therefore, the receipts from intergovernmental revenue do not reflect state aid for schools. If we analyze the eleven communities in the 250,000-500,000 population class where a significant expenditure for education is indicated, Newark's situation is slightly worse than it is in the more general category of all cities:

11 Cities

	<u>Average</u>	<u>Newark</u>
Property Tax	44.15%	72.7%
Other Taxes	13.17	9.7
Intergovernmental Revenue	23.1	11.4

One interesting sidelight to the increase in dollar value of property taxes is an increase in the difficulty of collection. In Newark's case, 1964 collections of 1964 levy was 89.49% as compared to 93.10% of 1955 levy in 1955. However, the City has been working to collect past due taxes with the result accumulated delinquent taxes at the end of 1964 were \$12,918,457 as compared to \$12,127,807 as of December 31, 1955. We should note that one credit agency did comment on the "rather slow" collection of current taxes in its discussion of the City's 1965 bond sale, and this is an area where Newark will have to continue to work.

EXPENSE

In order to be able to compare expenses for the twenty years 1945-1964 it was necessary to reclassify many items in the 1945-1954 audits to reflect the change from a commission form of government to a strong mayor-council form in 1954. The form of comparison used in this study does not exactly follow the classification set by the State of New Jersey, since school debt service has been included with other school expenses, rather than as a municipal expense. The resulting tables, which are attached, show the following changes:

	<u>1945</u>	<u>1964</u>	<u>% Change</u>
General Appropriations	\$25,157,355	\$64,056,302	+ 154.6
School Expense	12,223,017	36,978,468	+ 202.5
County Tax	5,039,507	14,065,758	+ 179.1

The extent of the recent growth in school and county expense can be seen clearly if we compare changes in the past five years:

	<u>1959</u>	<u>1964</u>	<u>% Change</u>
General Appropriations	\$50,040,113	\$64,056,302	+ 28.0
School Expense	26,078,882	36,978,468	+ 41.8
County Tax	8,967,663	14,065,758	+ 56.8

The problem this expenditure trend causes can be seen by the fact the total valuation of the City, as equalized by the State, only increased from \$1,341,638,021 to \$1,736,976,680 or 29.5% in the period 1959-1964. During that same time total expenses of the City plus a reserve for uncollected taxes went from \$92,503,995 to \$125,154,124 or an increase of 35.3%.

1964 general appropriations in Newark involved expenses 7% above 1963, and although the 1965 budget forecasts a small drop in expenses, this is against the trend both in the City and nationally. A 4.5% annual increase in City and County spending, and increased school spending at the rate of 4.7% per year nationally, all in standard dollars, is considered a reasonable estimate for the period 1960-2000. Newark might be able to avoid some of this expense since it is supposed to be entering a period of stable total population, with a 1960 figure of 405,200 only growing to 410,000 in 1985. However, this ignores the increasing number of lower income families in the City. Probably any savings to be made through use of new facilities proposed in the Community Renewal Program will be eaten up by other needs facing the City.

VALUATION

As was pointed out earlier in the "Property Tax" section of this report, the State of New Jersey is in the midst of a two year transitional period as far as the valuation of business personal property is concerned. The Governor has an Advisory Committee on Local Property Taxation studying the impact of the changes with a first report expected in early 1966. In the meantime, the valuation of

real personal property is to contribute the same proportion of income as before the changes became law, however, unless the law is changed before 1967 real estate will have to absorb even more of the burden of supporting local government as the taxable value of personal property declines.

In talking of valuation it is difficult to obtain consistent figures using assessment reports, but estimates of true value of real estate have been made available for the period 1955-1964 by the State of New Jersey. Thus, it is possible to estimate with some accuracy the growth of Newark's tax base.

Estimated True Value of Real Estate
in Newark

1955 - \$1,095,477,242	
1959 - \$1,185,654,085	8.2% above 1955
1964 - \$1,435,597,116	21.1% above 1959

Using the latest ratio of true value to assessed value (85.31) we find Newark's 1965 true real estate value to be \$1,439,323,290 or an increase of .26% over 1964. While this is well below the average annual growth rate of 3.9% for 1959-1964, it is still a worthwhile achievement in view of the extensive development in progress in the City as of January 1, 1965, caused by urban renewal and other activities.

It is also interesting to see how true real estate valuation per capita and income per capita have been moving in Newark.

(Population per 1960 Census)	<u>1959</u>	<u>1964</u>
Valuation per capita	\$2,926	\$3,543
*Effective Buying Income per capita	\$2,227	\$1,957 (1963)

*Source: Sales Management Annual Surveys

So the continuing shift in population base has not yet had an effect on valuation of property in the City. This is a very favorable point as far as Newark's relations with the investment community. Net Debt compared to total municipal income is another test of local government and in Newark's case continues to reinforce the good reputation of the City.

Ratio of Net Debt to Total Income
City of Newark

1945	1.06	1955	.50
1950	.77	1960	.35
	1964		.30

While this is only a way of showing how much of one year's budget would have to be spent to retire all of the outstanding debt of a community, it is frequently used as a way of showing how much the future has been mortgaged.

The real problem facing the City is to find a replacement for the \$137,420,600 which vanished from Newark's personal property rolls in 1965 as a result of the enforcement of the change in assessment procedure. We do not feel the solution is a transfer of the burden to real estate such as is contemplated, but until a decision can be reached by the state legislature on other sources of income for New Jersey municipalities, Newark should be allowed to return to the pre-1965 situation where the property tax fell on real and personal property with even impact.

BONDED DEBT

Debt service on municipal issues, excluding schools and water, fell to \$2,503,332 in 1964 from \$6,398,360 in 1945 while school debt service rose from \$1,006,771 to \$3,548,398. Water debt, as mentioned before, is not included in our dis-

cussion since it is amply self-supporting. Interestingly enough, only \$10,278,000 of the \$15,425,000 outstanding general debt on December 31, 1964 represented issues sold during the 1945-1964 period, while only \$355,000 of the \$31,638,000 school debt predates 1945. Actually, the City has only sold \$1,544,000 of bonds for general purposes in the years 1959-1964, while borrowing \$15,723,000 for new schools. The 1965 bond sale included \$5,500,000 for schools, \$5,674,000 for urban renewal and \$779,000 for general improvements.

Analysis of Newark's December 31, 1964 debt position, including bonds, notes and unissued debt along with a share of overlapping debt, shows a conservative situation.

Potential Debt

December 31, 1964	<u>Newark</u>	<u>Essex County</u>
Bonds outstanding	\$47,063,000	\$27,355,000
Notes outstanding	16,207,500	4,252,000
Authorized but unissued debt	<u>9,818,573</u>	<u>12,741,375</u>
Total	\$73,089,073	\$44,348,375
Newark's share (32.5%) of Essex County Debt	14,413,222	
Newark's share of Passaic Valley Sewerage Comm. Debt	1,957,500	
Newark Parking Authority	<u>5,500,000</u>	
	\$94,959,795	
1965 true value per capita	\$3,553.08	
Debt per capita	\$234.34	
Debt to total assessed valuation	6.8%	
Debt to estimated total real value	5.9%	

Even if all of the borrowing outlined above was outstanding at one time, Newark would not be in an adverse position. If we accept a more enlightened

and customary way of figuring debt, which is to consider only debt outstanding at the present time, the situation becomes a very strong one.

Outstanding Debt

December 31, 1964

Newark	\$47,063,000
Newark-1965 Bond Sale	11,953,000
Essex County	8,890,375
Essex County-1965 Sale	1,894,425
P.V.S.C.	<u>1,957,500</u>

Outstanding Overall Debt	\$71,758,300
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1965 true value per capita	\$3,553.08
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Debt per capita	\$177.08
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Debt to total assessed valuation	5.2%
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Debt to estimated total real value	4.5%
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Especially when the City's December 31, 1964 General Fund Balance Sheet is considered.

Assets

Cash on hand and in banks	\$13,104,810
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Investments

Savings and Loans	\$1,090,000	
U. S. Government	<u>2,500,000</u>	3,590,000

Receivables

State aid	\$ 337,871	
Property taxes	12,918,457	
Tax title liens	1,569,371	
Revenue	121,703	
Newark Housing Authority	<u>394,118</u>	15,341,520

Property taken for taxes	936,800
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Deferred Charges--emergency appropriations	1,212,102
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Miscellaneous	<u>63,946</u>
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Total Assets	\$34,249,178
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Liabilities

Refund on taxes and revenues	\$ 3,314,107
Deferred and Prepaid Revenues	413,475
Encumbered Appropriations	2,751,832
Miscellaneous Liabilities	102,370
Reserve against Receivables and Misc. Assets	16,004,395
Surplus	<u>11,662,999</u>
Total Liabilities	\$34,249,178

While it has been the custom in recent years to draw heavily on surplus in fixing the tax rate and \$3,580,000 was used in 1964 for this purpose as against \$2,900,000 in 1963, the December 31, 1964 balance sheet did show an increase of surplus of \$349,144 over 1963. In 1965 \$3,900,000 of surplus was drawn on for use in the budget.

The capital improvements financed by cash outlay of the City have grown from nothing in 1945 and \$25,000 in 1946 to \$691,597 in 1964 with \$1,139,977 budgeted for 1965. The 1964 figure compares with a total city budget of \$111,088,366 for city and school purposes and means capital outlay was 7/10 of 1%. The 1965 figure amounts to 1% of the total city and school budget.

Total Debt Service for city and school purposes plus capital improvement expense in 1964 amounted to \$6,243,327 or 6.1% of the city and school budget. This is low for a city and is another indication Newark could increase its debt without being penalized in the money market.

The average life of the city's bonds is also quite short with 38.7% of the general improvement and school bonds due after 1965 payable within five years and 60.2% within ten years. Thus the city could borrow \$21,200,000 in the next five years or \$39,000,000 within ten years and end the period at close

to the same debt position as it has now.

FISCAL POLICY OF THE CITY

In 1955 the Municipal Council of the City adopted a statement of fiscal policy which has been closely followed. The major elements are:

"1. A surplus is maintained in the General Fund amounting to not less than 10% of the total appropriations in the current budget. This surplus guards against a sudden decline in municipal revenues. This is a free surplus earmarked to make up any deficiency between anticipated revenues and budget appropriations."

"2. Departments are required to adhere strictly to the appropriations for their operations, not only for the department as a whole, but also for each function. Transfer of funds between functions are not permitted by the Municipal Council, except for debt service and certain mandatory pension items. All unencumbered balances at the end of the year are transferred to surplus."

"3. To meet unforeseen contingencies, state statutes permit the Municipal Council to authorize emergency expenditures which are mandatorially included in the following year's appropriated budget. Emergency appropriations are maintained within the required minimum, as required by law."

"4. In the event projected revenues (other than property taxes) are not realized it is the policy of the Municipal Council to reduce anticipated revenues in the succeeding year's budget. Revenues collected which were not anticipated in the budget are not used to finance the current budget, but are carried to surplus at the year end."

"5. A reserve for uncollected taxes is provided in each annual budget, based on the collection experience of prior years. In case collections do not equal the prior experience, additional reserves are provided in order to

avoid expenditures in excess of cash collections."

"6. A major element of the fiscal policy is the establishment of a Capital Improvement Fund with a minimum balance of \$1,000,000. This fund is used to avoid borrowings for major repairs, for capital improvements with a short life, for land purchases, and for similar purposes. As expenditures are made from this fund, on the authority of the Municipal Council, the fund is replenished by an appropriation in the succeeding year's budget."

"7. With respect to net bonded debt for general purposes, it is the policy of the City to keep such borrowings below an average maximum of \$100.00 per capita. The net debt per capita is now below this maximum." (\$67.73 at December 31, 1964, including Parking Authority debt)

"8. In order to provide for the growth of the City, a six-year capital improvement program has been promulgated."

"9. The policies enumerated by the Council have been supplemented by a close control of personnel appointments and services, and of expenditures for supplies and contractual services."

In addition, in developing the policy for the five-year Capital Program 1965-1970 the City adopted additional guidelines, including:

"3. Borrowing Power Reserve: A borrowing power reserve is to be maintained to meet emergencies. To maintain a realistic reserve, as well as a conservative fiscal policy, tax supported projects will at no time exceed ninety percent of the City's maximum borrowing capacity."

"4. Ceiling on debt service: In no year will the debt service costs of the City be permitted to exceed twenty percent of the City's operating budget." (In 1964, debt service on municipal debt equalled 4.7%, while school debt service was an additional 6.6%)

"5. Pay-as-you-go Financing: Five percent of the cost of tax-supported projects will be paid out of current operating funds as required by State statute. It is planned that, as general economic conditions of the city improve, this annual pay-as-you-go" feature will be increased to ten percent at the rate of one percent per year."

"6. Limited bond life: All tax-supported loans are to mature within 20 years; water bonds have a maximum maturity of 40 years. Only serial bonds are issued and all bonds are general obligations of the city. It is advocated from an economical fiscal standpoint, that it would be desirable to have 30-year maturity on bonds issued to finance cash payments to the Newark Housing Authority under existing and future cooperation agreements for the city's one-third share of urban renewal costs."

As pointed out earlier in this report, this suggestion about urban renewal borrowing is now possible as the result of a 1965 New Jersey law establishing a 30 year limit on borrowing for the local share of renewal costs, and exempting such borrowing from the debt limit.

THE COMMUNITY RENEWAL PROGRAM

While the projects outlined in the Community Renewal Program will have some effect on the total valuation of personal property and railroad property contributing income to the City, the major impact of the Program will be on real estate, and our analysis will be basically directed to that area. Examination of the material available on the Community Renewal Program indicates careful scheduling has been done to spread the withdrawal of property from the real estate tax base over as long a period as possible.

The Housing Authority has provided estimates of construction in renewal areas

indicating new construction, either of full taxable property or income from real estate sheltered by agreements under the Fox-Lance law, which will result in substantially larger income to the City than Newark now receives. While exact information is not available, it is anticipated there may be substantial savings in expense of city services such as fire, police and so on which have to be provided today because of the conditions existing in areas selected for renewal. However, since data has not been developed, our analysis has not concerned itself with possible savings, but only with the increase in costs the City must expect as a result of financing the Program.

The current schedule of requirements for local financial support over the period of 1966-1978 is as follows:

<u>Year</u>	<u>Total Spending</u>	<u>Spending on Public Improvements</u>	<u>Repayment of Federally Guaranteed Loans</u>
1966	\$ 6,550,160	\$ 1,889,867	\$ 4,660,293
1967	7,258,764	2,985,903	4,272,861
1968	6,756,315	3,711,410	3,644,905
1969	7,261,761	4,541,084	2,720,677
1970	7,738,416	3,371,600	4,366,816
1971	6,953,543	4,290,698	2,062,855
1972	7,574,796	3,766,600	2,808,190
1973	7,350,000	3,600,000	3,750,000
1974	7,492,000	3,500,000	2,992,000
1975	7,160,000	2,660,000	4,500,000
1976	7,720,000	4,720,000	3,000,000
1977	6,780,000	3,000,000	3,780,000
1978	<u>3,161,200</u>	--	3,161,200
Total	\$89,756,955		

This involves average annual spending of slightly over \$7,200,000 to finance the Community Renewal Program during the years 1966-1977. While the forecast for 1978 shows only \$3,161,200, it is anticipated this figure will grow as time goes on and other renewal needs are identified. The only downward adjustment to be expected will come if the City decides not to carry out some project or Newark receives the improvement in the ratio of local to federal share of the

cost of projects it has requested. In our analysis of the impact of the Program we have modified the Capital Program of the City to include the spending suggested in the Community Renewal Program for the years 1965 to 1970 and added \$2,000,000 in subsequent years to C.R.P. spending to cover other City needs. In addition \$3,000,000 in spending for schools has been added each year to attempt to budget for the needs of the Board of Education. If this Program were financed as suggested by the City's present fiscal policy statement, it would mean a gradual increase in Newark's long term debt from about \$79,000,000 at the end of 1966 with a \$7,800,000 payment that year for principal, interest and cash capital outlay, to figures of \$121,000,000 and \$13,000,000 in 1977.

In terms of the City's 1965 valuation of real estate this means the following changes in ratios:

<u>Year</u>	<u>Debt to Assessed Value</u>	<u>Debt to Supposed Real Value</u>
1966	6.4%	5.5%
1977	9.8%	8.4%

Even though the Renewal Plan will result in added income to the City from real estate taxes and Fox Lance payments, the decision to finance on an all debt basis will result eventually in a decline in the City's financial standing. Considering Newark's physical and financial position, we believe the City's present credit rating will not survive an increase in the level of general municipal debt beyond seven percent of supposed true value of real estate. Newark's water debt, even though self-supporting, as well as the City's share of the costs of Essex County and of the Passaic Valley Sewerage Commission have been considered in reaching this decision.

We believe the City can afford an alternate program, which will result in substantially lower costs for the Program by adoption of a limited pay-as-you-go plan. Specifically, if Newark were to spend \$1,000,000 in cash in 1966 on renewal, \$2,000,000 in 1967 and 1968, \$3,000,000 in 1969 and 1970, and \$4,000,000 in 1971 and later years, the end result is significant. From a debt of \$78,000,000 at the end of 1966 with cash spending of \$8,800,000 on debt service and capital outlay, the figures in 1977 will grow to \$87,000,000 and \$14,800,000. In the interim, debt would peak at \$93,000,000 in 1970 and 1971 and be above \$90,000,000 only in the years 1969-1973. This would mean the following in terms of ratios:

<u>Year</u>	<u>Debt to Assessed Value</u>	<u>Debt to Supposed Value</u>
1966	6.4%	5.4%
1970-71	7.6%	6.5%
1977	7.1%	6.0%

This program will leave sufficient flexibility to allow some additional borrowing for school needs, if the \$3,000,000 annual allotment is not enough, without a major upset in the City's financial standing.

IMPACT OF RENEWAL BORROWING ON OPERATING COSTS

A major argument against the use of increased cash outlay to pay for part of the Renewal Program is the high level of property taxes in Newark, and the adverse effect of any increase. In 1965 the City budget provided for expenditures in the vicinity of \$130,000,000 including \$530,000 for the capital improvement fund and \$6,321,000 for debt service, so only about 5% of the City's spending goes for capital purposes. A doubling of this expenditure to \$13,000,000 would mean the capital program would still be less than 10% of the City's overall spending. In 1965 terms this would be an increase of about

45 cents in the combined tax rate, and the rate would have been \$7.60 per hundred dollars of assessed value.

While such a rapid shift of financial program would not be desirable, it does seem advantageous to increase cash spending soon rather than wait the indefinite time suggested in the City's "Capital Program 1965-1970". A \$1,000,000 increase in the budget would mean about a seven cent increase in 1965 terms or 1.1% of that year's tax rate. This we feel can be supported as a start on the program we have outlined.

We have projected the impact on the tax rate of the increase in capital outlay to finance the Renewal Program both on an all-bonded basis and on the alternate basis we suggest. Using a controlled set of changes to other items in the City budget, the trend of the rate is as follows:

<u>Year</u>	<u>All Spending Bonded</u>	<u>Tax Rate Impact if Alternate Program Adopted</u>
1966	\$7.51	\$7.58
1967	7.12	7.25
1968	7.37	7.50
1969	7.36	7.55
1970	7.08	7.25
1971	6.95	7.18
1972	6.90	7.10
1973	6.79	6.98
1974	6.84	7.01
1975	6.85	7.00
1976	6.83	6.97
1977	6.76	6.88

The 1965 combined tax rate was \$7.15 and so we feel the proposed Renewal Program will not have any long term adverse effect on the City's tax rate.

Industrial, retail and commercial expansion in Newark can only be expected at the present time when the construction can be sheltered from the property tax.

If the City can hold its tax rate to either of the projections shown above, it will be a most encouraging sign for developers, but while the trend in the rate is important, Newark must face the problem of the high absolute level of its present tax rate. According to a speech made by Dr. J. P. Pickard reported in the December 1965 issue of "Urban Land" in which he quoted from research done by G. W. Sazama, Newark in 1962 had the second highest effective real property tax rate in the group of 23 large central cities in the United States. Newark's rate of 4.83% of equalized value compares to a median of 2.27% for the group and a U. S. average of 1.4%.

The overall solution to Newark's problem of an increasing operating budget will not be found in resisting a small increase each year to help finance capital outlay, but in a radical change either in governmental responsibilities or in intergovernmental financial assistance.

RECOMMENDATIONS

1. As suggested above, we believe the City of Newark should begin to finance part of the costs of its urban renewal program by limited cash payments out of its annual Operating budget. This course of action would have the effect of holding down the City's bonded debt, reducing the interest charges paid on borrowed funds, and leaving the City with greater flexibility to handle capital outlays not related to the Community Renewal Program. While this approach will necessarily mean a higher tax rate than a course of funding all of the costs of renewal, we do not feel the increased rate will prove either a deterrent to development in the City or too heavy a burden to place on property owners. As we will point out later, we feel the City is overly dependent on the property tax and should continue its efforts to obtain another large source of income, either in the form of increased State aid or the power to impose other taxes.

Until it will be possible to show a large decline in real estate taxes, Newark cannot expect much benefit from relatively minor shifts in that tax rate.

2. We feel the industrial sections of the Renewal Program should be directed to the assistance of existing Newark enterprises, in order to end the erosion of manufacturing jobs shown in the Economic Base study. In view of the limited amount of new land to be made available for industrial use as a result of the Community Renewal Program, we feel a priority should be given to existing employers. For similar reasons emphasis should be given in the commercial and retail renewal program to the protection and enhancement of downtown Newark to help preserve and improve the advantages to large office space users of a location in the City.

3. In the residential program we hope the City will undertake aggressive utilization of the federal assistance available for code enforcement, in order to avoid as much as possible the need for future expansion of the Community Renewal Program.

4. While we have not made an extensive examination of the pattern of real estate assessments in Newark, a review of some of the downtown renewal areas leads to the impression the assessors are not placing sufficient emphasis on the value of the land contained within the City's limits. We feel a comprehensive review of the pattern of assessments with the thought of assigning relatively more value to land based on its use and location and less to improvements might serve as an incentive for private owners to rehabilitate their properties.

5. The City is pursuing an aggressive collection effort to reduce the amount of delinquent taxes it is owed, and we feel the continuation of such effort

may not be correct. We feel the City should press either for a larger state contribution to County expenses, or the imposition of municipal controls over the County budget, so there will be a greater coordination between those who must pay for services and those who have the power to authorize them. The City should consider as well the possibility of transferring certain Newark institutions, such as the Library, Museum and College of Engineering, to County control since these institutions provide service to an area much larger than the City.

9. Newark should study the possibility of approaching the New Jersey legislature with a plan to end all forms of personal property tax in favor of an increased tax on the net income of businesses. This is not in contradiction with our assumption of a continued personal property tax in projecting Newark's ability to carry out the Community Renewal Program. We do not feel the current system of inventory and machinery taxes on business can be sustained in this period of interstate competition for industry. A business income tax with the proceeds returned to the local municipalities is a much easier and fairer approach to the problem of local revenue.

10. At the present time, Newark receives a certain amount of revenue from the New Jersey railroad tax which is based on the valuation of railroad property in the City. In view of the need for better non-passenger car transit throughout New Jersey we recommend the legislature consider the replacing of the railroad tax with a net profit tax as an incentive to transportation companies.

11. Obviously, it would be unwise for the City to continue its over-dependence on the property tax any longer than necessary. Currently, there is a good deal of discussion on the state level over what form a new state-wide tax should

take and whether it should be for the benefit of the state or local government, or if a portion should go to each level of government. Periodically, suggestions are made about the authorization of local option taxes, such as a payroll tax or sales tax. Because of the highly urban nature of Essex County and inter-municipal competition, we feel any new direct tax should not be on a local option basis since it is unlikely to be uniformly adopted. Further, we believe any discussion of new intergovernmental revenue for local government should be directed more to how the amount of revenue available for local government use will be allocated than it is at the moment. If it is decided that the State absorb county costs, or court costs, or welfare costs, or supply a certain dollar amount of aid per pupil in the public schools or whatever, then the discussion as to how to raise the needed funds becomes more meaningful. After reviewing comments by various observers it is not clear that an income tax or a sales tax, either general or limited, alone can provide the funds and both may be needed. We believe the City should press for a conclusion of the debate as early in 1966 as possible, to allow the legislature sufficient time to enact into law a program to start January 1, 1967.

12. When considering what form state aid might take, Newark could call for relief of welfare costs as one example of the habit of legislatures to establish a program without supplying all of the funds needed. Another area where the formula for state assistance could be revised is in school assistance where more emphasis should be put on supplying funds based on pupil count rather than on assessed valuation.

13. We feel the discussion of new taxes should include an examination of the whole area of state assistance for there are a number of forms of aid used in other states from which Newark might well benefit.

One of these is state assumption of part of the burden of financing urban renewal, another is assistance in creating housing for families of middle or lower income, a third would be supplying some revenue to replace the real estate taxes that cannot be levied on exempt property.

14. Another area of possible state help is in Newark's disagreement with the Port of New York Authority. Certainly unrelated use of Port owned land should be taxable, and we feel the annual contribution of the Authority to the City should at least equal the debt service on the funds borrowed to start Port Newark and the Airport. Probably, the fairest solution would be for the Governor of New Jersey to arrange for the present fixed annual payment by the Authority to be changed to a payment related to the total annual revenue of the facilities in the City.

15. While the revision of New Jersey Statutes in 1965 removing borrowing for urban renewal purposes from the municipal debt limit is an improvement over the previous situation, we feel there is one refinement of this exemption that should be sought. Since the premise of urban renewal is an improvement in local conditions we feel the bonds sold to finance projects should not start to be repaid until the project is completed. Therefore, we suggest the statute be amended to allow a municipality the option of postponing the first principal payment on urban renewal bonds for five years if desired.

16. At the present time, there is one inequity in the federal urban renewal procedure which is heavily felt by all communities dependent on property taxes for a large share of their revenue. This is the feature which allows taxes on urban renewal projects to be paid only while the structures seized are still standing. This tempts local authorities to keep sub-standard buildings standing longer than they should, to avoid reducing the tax base. At the same time,

the lack of revenue from vacant land following clearance puts pressure on local officials to approve some sort of reuse in order to get a project finished and producing income. If property taxes equal to the amount collected before seizure were allowed by the federal government as a project expense for a few years, local authorities would have time to better plan land reuse and could select developers more carefully.

17. The President's 1966 message to the Congress on improving the cities of the United States mentions five ways in which the Secretary of the Department of Housing and Urban Development can implement the new programs proposed by the President. The second of these is: "(2) He can strengthen the regional structure so that more decisions can be made in the field." We feel this is one of the most important needs in the area of federal-state-local cooperation in urban renewal and housing. Presently, the City of Newark, after initial approval of proposals by the Housing Authority and the Mayor and Council, must obtain further approvals on almost all items from both the regional and national offices of the appropriate agency of the federal government. The amount of time needed to obtain all the approvals causes much too long a delay in the carrying out of these projects. We suggest the City urge the Secretary of Housing and Urban Development to review his Department's regulations on the existing programs he administers now, in order to establish more clearly what final authority can be given to regional offices to reduce the delay resulting from the need for reapproval at higher levels. Then, when the Congress establishes new programs the same administrative procedures can be applied, and there will not be any distinction between 1966 legislation and projects operating under earlier authorization.

CITY OF NEWARK, NEW JERSEY

Property Valuations

	1945	1946	1947	1948	1949	1950	1951
Assessed Value - Real Property	\$506,165,700	\$500,581,800	\$515,849,900	\$516,391,000	\$518,675,400	\$521,698,700	\$545,400,500
True Value - Real Property							
Personal Property	213,712,900	212,671,800	216,260,600	283,035,900	206,660,800	191,100,900	131,834,200
Railroad Property	9,035,941	11,168,900	11,499,600	11,297,654	11,290,149	11,305,194	11,284,022
Total Valuation	728,914,541	724,422,500	743,610,500	810,724,554	736,626,349	624,104,794	688,518,722
"Equalized" Valuation							
Estimated Relation Assessed/True							
Total Tax Rate	5.16(100.0)	5.56(100.0)	5.98(100.0)	6.50(100.0)	6.76(100.0)	6.84(100.0)	6.92(100.0)
Municipal	(53.0)	(56.0)	(53.0)	(56.0)	3.64(54.0)	4.06(55.0)	3.92(50.0)
School	(33.0)	(30.0)	(33.0)	(31.0)	2.18(32.0)	1.86(32.0)	2.06(36.0)
County	.72(14.0)	.78(14.0)	.81(14.0)	.90(13.0)	.94(14.0)	.92(13.0)	.94(14.0)
Total Levy	37,060,370	39,505,498	43,559,152	48,085,876	49,665,461	45,649,066	47,613,037
Total Collections	34,399,526	36,897,246	40,571,864	45,126,349	46,605,803	42,995,269	44,794,807
Percent Collected	92.82	93.40	93.14	93.85	93.84	94.18	94.08
Delinquent Taxes as of 1/1	8,370,610	8,404,578	8,200,497	8,558,987	8,254,589	8,744,942	8,487,985
Collections	1,425,437	1,502,982	1,386,854	1,711,126	1,627,448	1,856,907	1,798,895
Percent	17.0	17.9	16.9	20.0	19.7	21.2	21.2
"Net" Debt	46,476,323	43,477,462	44,233,964	49,959,038	45,724,410	43,962,776	42,312,266
"Net" Debt/3 yrs. equalized value - 1964							
Available borrowing power - 1964							
"Reserve" borrowing power							
Bonded Debt at year end							
Serial: Municipal	42,355,000	38,816,500	39,265,000	36,133,000	33,088,000	32,515,000	29,968,000
School	6,165,000	5,778,000	5,939,000	8,440,000	7,791,000	7,681,000	7,065,000
Term	9,886,200	9,121,200	7,955,700	6,497,700	5,208,000	5,208,000	3,788,000
Sinking Funds	7,661,082	7,215,117	6,365,437	5,194,295	4,142,701	4,337,658	3,101,256
Bond Anticipation Notes at year end							
Municipal	36,500	311,500	826,500	818,000	1,368,000		1,331,400
School		370,000	255,000	50,000	206,000	506,000	825,400
Bonds sold during year							
Municipal			2,887,000	97,000		2,951,000	506,000
School			553,000	2,933,006		2,484,000	
Bonds authorized but unfinanced	3,227,846	4,002,846	3,447,346	12,245,624	12,267,140	12,587,346	12,865,646
New authorizations in year	45,000	2,111,000	2,967,000	13,224,900	821,000	2,189,000	1,303,700
Water Fund							
Bonds outstanding at year end	13,585,000	12,873,000	12,241,000	11,604,000	10,957,000	10,310,000	10,332,000
Bond Anticipation Notes		40,000	240,000	725,000	765,000	920,000	1,045,000
Bonds sold during year							680,000
Bonds authorized but unfinanced		300,000	600,000	675,000	1,035,000	3,000,000	2,180,000

CITY OF NEWARK, NEW JERSEY

Property Valuations

	1952	1953	1954	1955	1956	1957	1958
Assessed Value - Real Property	\$555,113,300	\$559,742,200	\$564,748,000	\$ 575,235,100	\$ 571,864,100	\$ 564,919,400	\$ 568,805,800
True Value - Real Property				1,095,477,242	1,119,884,473	1,145,008,264	1,160,558,125
Personal Property	134,968,000	135,854,000	136,626,900	138,236,100	129,794,800	146,122,500	142,813,000
Railroad Property	11,132,910	11,252,825	11,395,331	11,466,049	12,746,795	12,672,139	12,639,594
Total Valuation	701,214,210	706,849,025	712,770,231	724,937,249	714,405,695	723,714,039	724,258,394
"Equalized" Valuation				1,245,179,391	1,266,508,768	1,308,301,403	1,320,535,719
Estimated Relation Assessed/True				52.51	51.53	49.61	49.29
Total Tax Rate	7.56(100.0)	7.79(100.0)	8.55(100.0)		8.43(100.0)	8.93(100.0)	9.62(100.0)
Municipal	4.30(50.0)	3.79(49.0)	4.14(49.0)		4.55(54.0)	4.80(53.9)	5.25(54.5)
School	2.22(36.0)	2.88(37.0)	3.25(38.0)		2.78(33.0)	3.02(33.8)	3.18(33.1)
County	1.04(14.0)	1.12(14.0)	1.16(13.0)		1.10(13.0)	1.11(12.3)	1.19(12.4)
Total Levy	52,938,254	55,026,784	60,731,629	61,128,771	60,535,994	64,932,501	70,089,074
Total Collections	49,888,554	51,862,238	56,819,643	56,913,156	56,231,543	60,774,958	65,604,728
Percent Collected	94.23	94.25	93.56	93.10	92.88	93.59	93.60
Delinquent Taxes as of 1/1	8,501,297	9,456,936	10,257,503	11,505,044	12,127,807	11,365,918	11,276,849
Collections	1,675,742	1,886,847	1,905,577	2,509,447	2,638,838	2,476,629	2,571,067
Percent	19.7	19.9	18.6	21.8	21.8	21.8	22.8
"Net" Debt	42,933,057	41,101,883	39,332,229	36,743,894	34,475,979	33,195,923	31,485,868
"Net" Debt/3 yrs. equalized value - 1964						2.58	2.40
Available borrowing power - 1964						11,802,000	14,404,000
"Reserve" borrowing power					20,907,408	15,709,844	15,709,844
Bonded Debt at year end							
Serial: Municipal	27,366,000	25,803,000	27,094,000	26,927,000	28,688,000	26,025,000	27,502,000
School	6,498,000	6,442,000	10,880,000	12,681,000	19,962,000	18,618,000	27,294,000
Term	3,200,000	3,200,000	2,500,000	2,400,000	2,400,000	2,300,000	2,300,000
Sinking Funds	2,661,139	2,783,836	2,202,668	2,196,045	2,291,436	2,290,789	2,403,195
Bond Anticipation Notes at Year End	2,717,535	4,295,785	6,282,450				
Municipal	1,259,450	931,200	5,273,200	1,100,000	385,500	2,327,500	930,800
School	1,458,085	3,364,585	1,009,250	5,083,000	1,000,000	6,136,000	1,580,200
Bonds sold during year							
Municipal		770,000	3,748,000	2,400,000	-	-	4,000,000
School		506,000	5,025,000	2,600,000	12,500,000	-	10,000,000
Bonds authorized but unfinanced	22,875,646	23,620,296	18,708,331	15,851,597	9,695,649	13,512,466	7,045,840
New authorizations in year	11,596,135	3,799,650	6,077,400	4,723,477	15,851,596	10,157,775	1,665,425
Water Fund							
Bonds outstanding at year end	9,608,000	9,563,000	11,353,000	10,521,000	9,661,000	8,800,000	8,942,000
Bond Anticipation Notes	2,686,250	2,180,000		225,000	375,000	727,000	1,690,000
Bonds sold during year		660,000	2,527,000		-	-	1,000,000
Bonds authorized but unfinanced	538,750	410,000	60,000	175,000	8,615,000	7,688,000	5,610,000

CITY OF NEWARK, NEW JERSEY

Property Valuations

	1959	1960	1961	1962	1963	1964	Estimated 1965
Assessed Value - Real Property	\$ 568,396,700	\$ 573,389,800	\$ 593,095,100	\$ 588,688,500	\$1,204,188,800	\$1,221,484,400	\$1,227,886,700
True Value - Real Property	1,185,654,085	1,209,743,079	1,273,149,808	1,327,393,818	1,383,980,969	1,435,597,116	
Personal Property	142,804,400	140,113,000	137,589,000	135,418,600	282,660,200	278,401,700	140,981,100
Railroad Property	8,833,036	8,787,949	12,630,346	11,829,859	23,178,063	22,977,864	22,870,615
Total Valuation	720,034,136	722,290,749	743,314,446	735,916,959	1,510,027,063	1,522,873,964	1,391,738,415
"Equalized" Valuation	1,341,638,021	1,366,624,993	1,427,056,454	1,486,886,226	1,690,245,132	1,736,976,680	
Estimated Relation Assessed/True	48.22	47.68	46.86	44.97	87.75	85.31	
Total Tax Rate	10.25(100.0)	10.25(100.0)	10.11(100.0)	10.74(100.0)	5.80(100.0)	6.60(100.0)	7.15(100.0)
Municipal	5.54(54.0)	5.33(52.0)	5.15(50.9)	5.34(49.7)	2.92(50.4)	3.37(51.1)	3.45(48.2)
School	3.47(33.9)	3.61(35.2)	3.57(35.3)	3.81(35.5)	2.05(35.3)	2.29(34.7)	2.70(37.8)
County	1.24(12.1)	1.31(12.8)	1.39(13.8)	1.59(14.8)	.83(14.3)	.94(14.2)	1.00(14.0)
Total Levy	74,274,264	74,894,205	75,587,595	79,623,002	88,404,064	100,139,103	79,590,125
Total Collections	69,496,578	69,491,703	69,942,859	73,331,897	79,490,150	89,686,042	89,142,704
Percent Collected	93.56	92.78	92.53	92.09	89.91		
Delinquent Taxes as of 1/1	11,996,923	12,999,733	10,245,796	9,383,284	10,813,845	13,968,791	12,918,457
Collections	3,019,870	3,378,918	3,245,818	3,315,723	3,932,217	4,487,849	5,500,000
Percent	25.2	26.0	31.7	35.3	36.4	32.1	42.6
"Net" Debt	34,426,898	32,051,898	29,549,148	27,354,149	29,242,184	35,505,473	40,055,000
"Net" Debt/3 yrs. equal. value - 1964	2.58	2.37	2.13	1.90	1.88	2.52	2.45
Available borrowing power - 1964	12,294,000	15,348,000	19,094,000	23,157,000	25,168,000	13,690,382	17,275,000
"Reserve" borrowing power	15,709,844	15,709,844	15,709,844	15,709,844	15,709,844	15,709,844	15,709,844
Bonded Debt at year end							
Serial: Municipal	24,843,000	22,272,000	19,866,000	17,581,000	17,252,000	15,425,000	20,027,000
School	25,567,000	23,909,000	30,229,000	28,184,000	33,961,000	31,638,000	34,715,000
Term	1,000,000	-	-	-	-	-	-
Sinking Funds	1,192,149	-	-	-	-	-	-
Bond Anticipation Notes at year end							
Municipal	837,800	439,000	842,250	1,556,750	3,778,000	6,507,500	6,000,000
School	5,829,800	6,709,600	700,000	7,745,900	7,000,000	9,700,000	5,000,000
Bonds sold during year							
Municipal	-	-	-	-	1,585,000	-	6,453,000
School	-	-	8,000,000	-	7,745,000	-	5,500,000
Bonds authorized but unfinanced	5,102,240	4,817,199	11,606,799	11,836,998	6,331,885	9,818,573	9,248,066
New authorizations in year	2,213,000	712,500	9,522,250	8,090,600	3,802,686	12,593,387	5,564,000
Water Fund							
Bonds outstanding at year end	8,045,000	14,120,000	13,021,000	11,932,000	10,863,000	9,852,000	8,846,000
Bond Anticipation Notes	4,600,000	-	-	-	-	-	-
Bonds sold during year	-	6,907,000	-	-	-	-	-
Bonds authorized but unfinanced	4,010,000	-	-	-	-	-	-

CITY OF NEWARK, NEW JERSEY

<u>REVENUES</u>	<u>1945</u>	<u>1946</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>
Total Revenues reported in City Audit including:	\$43,177,904	\$46,479,890	\$49,808,419	\$55,636,471	\$57,326,278	\$57,289,379	\$59,934,768
Transfer from surplus revenue	1,500,000	1,000,000	2,000,000	2,150,000	2,150,000	1,650,000	2,600,000
Property Tax collections	34,399,526	36,897,246	40,571,864	45,126,349	46,605,803	42,995,268	44,794,807
Delinquent Tax collections	1,425,437	1,502,982	1,386,854	1,711,126	1,627,448	1,856,907	1,877,513
Miscellaneous Revenues	5,852,941	7,079,662	5,849,701	6,648,990	6,943,027	10,787,204	10,662,448
<u>Details of some miscellaneous Revenues</u>							
<u>Other Taxes</u>							
Franchise tax	957,195	957,520	1,012,778	1,079,733	1,219,662	1,226,214	1,312,900
Gross receipts tax	871,661	932,818	1,022,556	1,156,155	1,486,215	1,409,308	1,556,870
Financial business tax	-	-	58,602	41,012	42,400	37,537	52,896
Life insurance company tax	-	-	-	-	-	3,060,696	2,829,089
Stock insurance company tax	-	-	-	-	-	-	668,306
Business receipts tax	401,906	428,367	412,787	447,306	442,483	410,525	396,093
<u>Income from other governments</u>							
Motor fuel tax	22,587	23,617	27,357	22,172	39,112	31,775	30,468
State aid - highway lights	5,555	5,785	5,855	5,801	5,855	5,855	4,242
State aid - roads	-	-	-	247,434	248,461	248,461	248,461
State aid - school building	-	-	-	-	-	-	-
State aid - library	-	-	-	-	-	-	-
Penny milk program	11,680	13,967	15,618	14,075	17,670	16,027	14,128
Payment in lieu of taxes by Housing Authority	-	-	-	-	-	-	-

CITY OF NEWARK, NEW JERSEY

<u>REVENUES</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Total Revenues reported in City Audit including:	\$66,471,320	\$69,258,078	\$75,526,780	\$74,138,318	\$74,447,066	\$80,274,362	\$85,579,065
Transfer from surplus revenue	4,000,000	4,000,000	5,000,000	4,000,000	3,500,000	3,500,000	3,500,000
Property Tax collections	50,155,906	51,862,238	56,819,643	56,913,156	56,231,543	60,774,958	65,604,728
Delinquent Tax collections	1,899,787	1,935,699	1,934,291	2,509,447	2,638,838	2,476,629	2,571,067
Miscellaneous Revenues	10,415,627	10,440,671	10,824,950	10,447,667	11,382,797	12,514,065	13,323,139
<u>Details of some miscellaneous Revenues</u>							
<u>Other Taxes</u>							
Franchise tax	1,368,658	1,431,350	1,506,321	1,600,922	1,677,093	1,738,654	1,783,988
Gross receipts tax	1,772,042	1,786,264	1,948,799	1,905,073	2,033,677	2,117,781	2,181,781
Financial business tax	74,311	51,099	49,165	53,313	51,462	52,812	65,937
Life insurance company tax	2,460,424	2,503,603	2,337,568	2,096,345	2,199,473	2,273,242	2,390,291
Stock insurance company tax	747,321	632,537	651,132	618,397	589,928	563,531	481,465
Business receipts tax	505,054	529,896	492,026	464,742	502,644	544,732	484,555
<u>Income from other governments</u>							
Motor fuel tax	32,520	25,899	28,564	41,505	35,947	44,585	46,890
State aid - highway lights	7,293	5,823	5,822	5,808	6,584	6,786	6,779
State aid - roads	224,793	212,293	212,293	212,293	212,293	210,298	210,298
State aid - school building	-	-	-	-	400,075	954,100	1,107,327
State aid - library	-	-	-	-	-	-	-
Penny milk program	13,954	12,312	9,652	10,987	14,987	15,616	15,580
Payment in lieu of taxes by Housing Authority	119,614	111,578	136,956	228,084	224,399	279,329	295,470

CITY OF NEWARK, NEW JERSEY

<u>REVENUES</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
Total Revenues reported in City Audit including:	\$91,904,948	\$92,085,131	\$97,813,225	\$99,362,462	\$104,158,658	\$117,877,595
Transfer from surplus revenue	5,100,000	3,745,000	5,995,000	5,500,000	2,900,000	3,580,000
Property Tax collections	69,496,578	69,491,703	69,942,859	73,331,897	79,590,150	90,042,728
Delinquent Tax collections	3,019,870	3,378,918	3,245,818	3,315,723	3,932,217	4,744,815
Miscellaneous Revenues	13,255,298	13,941,649	16,527,003	16,520,835		18,292,302

Details of some miscellaneous Revenues

Other Taxes

Franchise tax	1,868,699	1,934,996	2,020,134	2,136,742	2,186,350	2,229,200
Gross receipts tax	2,208,824	2,257,088	2,338,977	2,335,765	2,337,405	2,352,424
Financial business tax	52,158	48,223	66,342	58,835	96,270	91,705
Life insurance company tax	2,654,540	2,637,414	2,725,268	2,794,470	2,838,705	2,901,764
Stock insurance company tax	531,288	495,237	499,170	447,328	454,236	480,866
Business receipts tax	460,639	548,030	556,482	326,646	311,005	290,108

Income from other governments

Motor fuel tax	55,907	50,000	58,328	59,225	65,610	53,882
State aid - highway lights	6,761	6,000	6,789	6,762	6,718	6,718
State aid - roads	210,298	210,298	210,298	160,627	160,627	160,627
State aid - school building	1,120,781	1,145,786	1,164,861	1,183,747	1,217,985	1,236,866
State aid - library	-	44,775	46,862	68,549	67,681	88,162
Penny milk program	18,845	19,871	19,445	17,468	18,565	20,637
Payment in lieu of taxes by Housing Authority	304,665	329,645	373,472	400,970	430,377	529,204

CITY OF NEWARK, NEW JERSEY

Expenditures by Departments - Total Paid and Reserved - Current Fund

	<u>1946</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>
Office of Mayor & Agencies	\$1,346,811	\$1,395,531	\$1,529,028	\$1,636,256	\$1,638,153	\$1,920,816	\$2,220,867	\$2,260,703	\$2,480,382	\$2,365,716
City Clerk & Municipal Council	193,760	204,051	227,000	268,393	216,705	235,240	242,991	322,494	389,765	266,870
Dept. of Administration	213,708	250,376	250,051	162,166	257,692	226,554	245,839	259,563	240,805	319,943
Dept. of Law	105,690	109,900	112,460	109,241	132,976	132,631	138,643	138,623	138,431	135,277
Dept. of Finance	578,105	635,565	642,334	762,959	548,649	641,550	663,392	653,539	687,317	1,368,873
Dept. of Assessment	290,661	301,445	294,545	286,510	251,332	270,122	284,064	289,156	304,655	285,572
Dept. of Public Works	6,004,327	7,184,551	7,394,247	7,419,273	7,407,662	7,659,164	8,877,063	8,710,572	9,607,769	9,177,081
Dept. of Police	4,262,465	4,591,028	4,879,606	5,333,102	5,451,749	5,903,071	6,058,525	6,655,078	7,084,347	6,392,560
Dept. of Fire	2,660,073	2,806,722	2,915,283	3,220,821	3,360,809	3,849,487	4,430,908	4,502,521	4,784,109	4,564,243
Dept. of Health & Welfare	1,579,742	2,130,155	2,595,989	3,324,216	3,985,361	3,114,794	2,931,005	2,767,910	3,521,990	4,298,542
Dept. of Hospitals & Institutions	1,827,548	2,261,024	2,610,746	2,857,007	2,874,732	3,342,244	3,823,471	4,042,351	4,550,610	4,307,359
Unclassified	178,940	297,100	740,053	51,300	121,100	229,590	128,815	183,598	123,836	35,000
Total - operations	19,241,830	22,167,408	24,191,342	25,431,061	26,144,929	27,525,263	30,045,613	30,786,108	33,914,016	33,517,036
- salaries	14,566,360	16,068,492	17,017,829	18,886,204	19,222,804	20,806,277	23,525,480	23,842,909	26,294,516	25,020,183
- other expenses	4,675,470	6,098,916	7,173,513	6,544,857	6,922,125	6,718,986	6,520,133	6,943,199	7,619,500	8,496,853
Total Capital Improvements	25,000	150,000	827,000	426,068	426,068	426,068	460,884	498,000	398,000	1,081,068
Total Municipal Debt Service	5,550,425	4,804,588	5,611,984	4,874,737	4,900,458	4,168,595	4,180,608	3,567,643	3,846,251	3,827,907
Total Deferred Charges, etc.	2,339,647	2,443,150	2,109,635	2,132,473	1,541,237	1,994,387	1,498,982	2,098,830	2,618,869	2,745,118
Judgments	5,000	5,000	5,000	5,000	5,000	5,000	55,000	10,000	10,000	30,141
Total General Appropriations	27,136,902	29,420,146	33,194,961	32,869,339	33,017,692	34,119,313	36,241,087	36,960,581	40,787,136	41,203,202
Schools - taxes	10,963,188	12,486,796	13,693,521	14,849,888	14,771,131	16,849,888	17,999,073	19,283,167	22,108,574	19,276,437
- deferred charges										
- debt service	904,442	846,851	862,072	1,043,315	888,142	919,389	822,647	811,804	922,580	1,204,073
County Tax	5,355,381	5,835,086	6,417,948	6,844,370	6,261,298	6,396,041	7,105,496	7,811,673	8,116,790	7,570,831
additional tax										9,642
Reserve for uncollected taxes	3,981,578	4,343,421	4,875,216	4,205,927	4,795,039	4,405,136	5,007,334	5,194,238	5,756,059	6,276,797

CITY OF NEWARK, NEW JERSEY

Expenditures by Departments - Total Paid and Reserved - Current Fund

	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>Budget</u> <u>1965</u>
	\$2,689,317	\$2,741,365	\$2,886,365	\$2,952,096	\$3,040,127	\$3,315,024	\$3,412,820	\$3,512,542	\$3,740,633	\$3,670,219
Office of Mayor & Agencies										
City Clerk & Municipal Council	305,014	319,421	475,837	423,955	421,355	403,813	562,428	448,814	501,020	505,185
Dept. of Administration	333,376	360,198	364,243	379,317	397,815	433,812	458,678	635,784	577,981	578,943
Dept. of Law	140,729	147,602	150,097	150,661	151,893	154,799	159,920	173,917	192,108	197,900
Dept. of Finance	770,587	772,205	782,376	783,221	772,347	1,049,214	888,318	1,119,626	1,167,897	1,176,164
Dept. of Assessment	287,696	297,911	286,118	289,922	333,066	316,762	353,312	404,097	408,679	416,016
Dept. of Public Works	9,266,201	9,994,977	10,452,874	10,200,302	11,017,674	11,999,301	11,662,090	10,384,293	10,457,038	10,263,738
Dept. of Police	6,606,724	7,634,229	8,034,349	8,253,470	8,207,057	9,306,639	9,527,325	11,670,064	12,924,559	13,598,543
Dept. of Fire	4,571,270	5,130,491	5,228,126	5,876,567	5,987,076	6,894,735	6,807,839	7,365,081	7,789,303	8,042,656
Dept. of Health & Welfare	3,120,795	2,990,508	4,227,109	3,981,194	3,819,537	5,514,287	4,096,503	5,390,797	6,011,988	5,861,679
Dept. of Hospitals & Institutions	4,559,068	5,434,350	5,634,395	5,720,600	5,830,448	6,522,445	7,148,863	7,525,313	8,234,622	8,669,040
Unclassified	553,166	180,150	210,000	160,000	469,140	239,996	917,186	1,964,798	1,415,042	1,520,200
Total - operations	33,203,943	36,003,407	38,731,799	39,171,406	40,447,535	46,150,827	45,995,282	50,595,126	53,436,128	54,500,283
- salaries	25,280,476	27,601,997	29,023,188	29,357,637	29,664,841	33,213,788	33,517,095	35,874,245	38,231,021	40,317,002
- other expenses	7,923,467	8,401,410	9,708,611	9,813,769	10,782,694	12,937,039	12,478,187	14,720,881	15,205,107	14,183,281
Total Capital Improvements	671,262	593,075	991,860	2,413,779	773,715	1,384,843	1,127,224	825,237	691,597	1,139,977
Total Municipal Debt Service	3,748,373	3,912,261	3,812,689	3,810,743	4,073,023	3,556,383	3,117,764	2,533,494	2,503,332	2,664,144
Total Deferred Charges, etc.	3,561,414	3,816,210	4,303,269	4,634,294	4,353,858	4,997,945	6,736,127	5,753,329	7,417,265	5,517,223
Judgments	9,107	2,021	1,892	9,891	20,000	55,967	270,885	85,190	7,982	40,000
Total General Appropriations	41,194,099	44,326,974	47,841,509	50,040,113	49,668,130	56,145,966	57,247,282	59,792,389	64,056,302	63,861,627
Schools - taxes	18,846,787	20,701,050	21,978,969	23,418,969	24,507,087	25,036,466	26,029,827	28,572,092	33,430,070	33,532,142
- deferred charges								500,000		438,565
- debt service	1,447,552	2,031,445	2,168,810	2,659,213	2,745,559	2,548,003	3,051,295	3,066,949	3,548,398	3,656,887
County tax	7,938,311	8,020,911	8,632,413	8,923,554	9,428,655	10,358,845	11,670,912	12,525,458	14,065,758	13,938,536
additional tax	10,728	9,135	19,625	44,069	82,605	20,830	42,995	34,228		
Reserve for uncollected taxes	5,799,592	6,472,257	6,987,554	7,417,337	6,706,677	5,687,210	5,922,980	7,032,475	10,053,596	10,414,369

CITY OF NEWARK, N. J.

PROJECTION OF COST OF BORROWING TO FINANCE THE COMMUNITY RENEWAL PROGRAM

	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>
PAYMENTS ON EXISTING DEBT							
Municipal	\$ 1,848,000	\$ 1,763,000	\$ 1,712,000	\$ 1,713,000	\$ 1,523,000	\$ 1,341,000	\$ 1,323,000
School	2,683,000	2,573,000	2,541,000	2,426,000	2,426,000	2,446,000	2,446,000
Total Principal Due	4,531,000	4,336,000	4,253,000	4,139,000	3,949,000	3,787,000	3,769,000
Interest Due	1,752,000	1,605,000	1,464,000	1,325,000	1,192,000	1,066,000	943,000
Capital Spending in Operating Budget	551,000	370,000	196,000	121,000	128,000		
Debt outstanding 12/31/65							
Bonds	50,211,000	45,875,000	41,622,000	37,483,000	33,534,000	29,747,000	25,988,000
Notes (est.)	11,000,000	10,450,000	9,000,000	9,350,000	8,800,000	8,250,000	7,700,000
Funded into 20-yr. bonds @ 3.5%							
Principal	550,000	550,000	550,000	550,000	550,000	550,000	550,000
Interest	385,000	365,750	346,500	327,250	308,000	288,750	269,500
FUTURE CAPITAL NEEDS							
Municipal	9,900,000	7,900,000	6,000,000	5,300,000	4,600,000	5,300,000	4,900,000
Schools	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Cash for Urban Renewal	4,800,000	4,200,000	3,600,000	2,700,000	4,500,000	2,700,000	2,700,000
Total	17,700,000	15,100,000	12,600,000	11,000,000	12,100,000	11,000,000	10,600,000
CRP FINANCED UNDER CURRENT FISCAL POLICY							
General Improvement (20 year bonds)	12,900,000	10,900,000	9,000,000	8,300,000	7,600,000	8,300,000	7,900,000
Urban Renewal (30 year bonds)	4,800,000	4,200,000	3,600,000	2,700,000	4,500,000	2,700,000	2,700,000
Total to be bonded	17,700,000	15,100,000	12,600,000	11,000,000	12,100,000	11,000,000	10,600,000
Interest at 3.50/3.60%	-	624,000	1,129,000	1,521,000	1,836,000	2,174,000	2,453,000
Total Debt 12/31	78,911,000	88,220,000	94,627,000	98,878,000	103,914,000	107,482,000	110,173,000
Annual Payment for Capital Outlay,							
Principal & Interest	7,769,000	8,656,000	9,429,000	10,043,000	10,528,000	10,960,000	11,585,000
Principal due on new debt		805,000	1,490,000	2,060,000	2,565,000	3,095,000	3,600,000
SUGGESTED PLAN							
Increased Cash Outlay	1,000,000	2,000,000	2,000,000	3,000,000	3,000,000	4,000,000	4,000,000
Debt to be bonded (20 year repayment)	16,700,000	13,100,000	10,600,000	8,000,000	9,100,000	7,000,000	6,600,000
Interest at 3.50%	-	585,000	1,014,000	1,333,000	1,542,000	1,776,000	1,921,000
Total Debt 12/31	77,911,000	85,290,000	89,597,000	90,888,000	93,069,000	92,857,000	91,933,000
Annual Payment for Capital Outlay,							
Principal & Interest	8,769,000	10,647,000	11,314,000	12,815,000	13,089,000	14,432,000	14,668,000
Principal due on new debt	-	835,000	1,490,000	2,020,000	2,420,000	2,875,000	3,215,000

CITY OF NEWARK, N. J.

PROJECTION OF COST OF BORROWING TO FINANCE THE COMMUNITY RENEWAL PROGRAM

	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>
PAYMENTS ON EXISTING DEBT						
Municipal	\$ 1,216,000	\$ 1,178,000	\$ 1,005,000	\$ 913,000	\$ 706,000	\$ 704,000
School	2,450,000	2,421,000	2,120,000	1,980,000	1,570,000	1,570,000
Total Principal Due	3,666,000	3,599,000	3,125,000	2,893,000	2,276,000	2,274,000
Interest Due	824,000	708,000	595,000	492,000	397,000	324,000
Capital Spending in Operating Budget						
Debt outstanding 12/31/65						
Bonds	22,312,000	18,713,000	15,588,000	12,695,000	10,419,000	8,145,000
Notes (est.)	7,150,000	6,600,000	6,050,000	5,500,000	4,950,000	4,400,000
Funded into 20-yr. bonds at 3.5%						
Principal	550,000	550,000	550,000	550,000	550,000	550,000
Interest	250,250	231,000	211,750	192,000	173,250	154,000
FUTURE CAPITAL NEEDS						
Municipal	4,500,000	4,500,000	2,700,000	5,700,000	3,900,000	900,000
Schools	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Cash for Urban Renewal	3,900,000	3,000,000	4,500,000	3,000,000	3,900,000	3,300,000
Total	11,400,000	10,500,000	10,200,000	11,700,000	10,800,000	7,200,000
CRP FINANCED UNDER CURRENT FISCAL POLICY						
General Improvement (20 year bonds)	7,500,000	7,500,000	5,700,000	8,700,000	6,900,000	3,900,000
Urban Renewal (30 year bonds)	3,900,000	3,000,000	4,500,000	3,000,000	3,900,000	3,300,000
Total to be bonded	11,400,000	10,500,000	10,200,000	11,700,000	10,800,000	7,200,000
Interest at 3.50/3.60%	2,701,000	2,960,000	3,170,000	3,353,000	3,573,000	3,950,000
Total Debt 12/31	113,262,000	114,622,000	116,493,000	119,240,000	121,179,000	119,005,000
Annual Payment for Capital Outlay,						
Principal & Interest	12,076,000	12,638,000	12,717,000	12,981,000	13,004,000	13,802,000
Principal due on new debt	4,085,000	4,590,000	5,065,000	5,500,000	6,035,000	6,550,000
SUGGESTED PLAN						
Increased Cash Outlay	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Debt to be bonded (20 year repayment)	7,400,000	6,500,000	6,200,000	7,700,000	6,800,000	3,200,000
Interest at 3.50%	2,040,000	2,245,000	2,332,000	2,397,000	2,504,000	2,582,000
Total Debt 12/31	91,552,000	89,577,000	88,263,000	87,950,000	86,979,000	82,070,000
Annual Payment for Capital Outlay						
Principal & Interest	14,885,000	15,258,000	15,064,000	15,085,000	14,845,000	15,169,000
Principal due on new debt	3,555,000	3,925,000	4,250,000	4,560,000	4,945,000	5,285,000

CITY OF NEWARK, N. J.

PROJECTION OF TAX RATE IMPACT OF COMMUNITY RENEWAL PROGRAM

<u>All Spending Bonded</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
Expense							
City Operations	\$ 56,500,000	\$ 57,000,000	\$ 57,500,000	\$ 58,000,000	\$ 58,500,000	\$ 59,000,000	\$ 59,500,000
Miscellaneous	5,557,000	5,700,000	5,800,000	5,900,000	5,900,000	6,000,000	6,000,000
Capital Outlay (City & School)	7,460,000	7,769,000	8,656,000	9,429,000	10,043,000	10,528,000	10,960,000
School Costs	33,970,000	35,000,000	36,000,000	37,000,000	38,000,000	39,000,000	40,000,000
County Costs	13,939,000	15,000,000	16,000,000	17,000,000	17,500,000	18,000,000	18,500,000
Reserve for Uncollected Taxes	10,447,000	13,000,000	13,300,000	13,700,000	14,100,000	14,400,000	14,700,000
Total Budget	127,877,000	133,469,000	137,256,000	141,029,000	144,043,000	146,928,000	149,660,000
Other Income							
From Surplus	3,900,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Delinquent Taxes	5,900,000	6,000,000	6,500,000	6,500,000	6,500,000	7,000,000	7,000,000
Miscellaneous Revenue	18,496,000	18,500,000	19,000,000	19,000,000	19,000,000	19,500,000	19,500,000
Total Other Revenue	28,296,000	28,000,000	29,000,000	29,000,000	29,000,000	30,000,000	30,000,000
Total Budget	127,877,000	133,469,000	137,256,000	141,029,000	144,043,000	146,928,000	149,660,000
Total Other Income	28,296,000	28,000,000	29,000,000	29,000,000	29,000,000	30,000,000	30,000,000
To be raised from Property Tax	99,581,000	105,469,000	108,256,000	112,029,000	115,043,000	116,928,000	119,660,000
Fox-Lance Income	-	-	600,000	2,000,000	6,100,000	9,100,000	14,100,000
Net to be raised from Property Tax	99,581,000	105,469,000	107,656,000	110,029,000	108,943,000	107,828,000	105,560,000
Assessed Valuation Real Estate							
As of 1/1	1,227,887,000	1,240,166,000	1,226,968,000	1,212,138,000	1,191,859,000	1,179,478,000	1,173,373,000
Withdrawals for CRP	-	25,600,000	27,100,000	32,400,000	24,300,000	17,900,000	16,800,000
Other Changes	+ 12,279,000	+ 12,402,000	+ 12,270,000	+ 12,121,000	+ 11,919,000	+ 11,795,000	+ 11,734,000
As of 12/31	1,240,166,000	1,226,968,000	1,212,138,000	1,191,859,000	1,179,478,000	1,173,373,000	1,168,307,000
Valuation of Personal Property, etc.	163,851,000	164,000,000	300,000,000	300,000,000	300,000,000	350,000,000	350,000,000
Total Valuation 1/1	1,391,738,000	1,404,116,000	1,512,138,000	1,491,859,000	1,479,478,000	1,523,373,000	1,518,307,000
Tax Rate	7.15	7.51	7.12	7.37	7.36	7.08	6.95
<u>Suggested Plan</u>							
Total Budget	99,581,000	105,469,000	107,656,000	110,029,000	108,943,000	107,828,000	105,560,000
Additional Capital spending	-	1,000,000	1,991,000	1,885,000	2,772,000	2,561,000	3,472,000
Total Adjusted Budget	99,581,000	106,469,000	109,647,000	111,914,000	111,715,000	110,389,000	109,032,000
Tax Rate	7.15	7.58	7.25	7.50	7.55	7.25	7.18

CITY OF NEWARK, N. J.

PROJECTION OF TAX RATE IMPACT OF COMMUNITY RENEWAL PROGRAM

<u>All Spending Bonded</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Expense						
City Operations	\$ 60,000,000	\$ 61,000,000	\$ 62,000,000	\$ 63,000,000	\$ 64,000,000	\$ 65,000,000
Miscellaneous	6,100,000	6,100,000	6,200,000	6,300,000	6,300,000	6,400,000
Capital Outlay (City & School)	11,585,000	12,076,000	12,638,000	12,717,000	12,981,000	13,004,000
School Costs	41,000,000	42,000,000	43,000,000	44,000,000	45,000,000	46,000,000
County Costs	19,000,000	19,500,000	20,000,000	20,500,000	21,000,000	21,500,000
Reserve for Uncollected Taxes	15,000,000	15,300,000	15,600,000	16,000,000	16,300,000	16,600,000
Total Budget	152,685,000	155,976,000	159,438,000	162,517,000	165,581,000	168,504,000
Other Income						
From Surplus	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Delinquent Taxes	7,000,000	7,500,000	7,500,000	7,500,000	8,000,000	8,000,000
Miscellaneous Revenue	20,000,000	20,000,000	20,500,000	20,500,000	21,000,000	21,000,000
Total Other Revenue	30,000,500	31,000,000	31,500,000	31,500,000	32,500,000	32,500,000
Total Budget	152,685,000	155,976,000	159,438,000	162,517,000	165,581,000	168,504,000
Total Other Income	30,500,000	31,000,000	31,500,000	31,500,000	32,500,000	32,500,000
To be raised from Property Tax	122,185,000	124,976,000	127,938,000	131,017,000	133,081,000	136,004,000
Fox-Lance Income	17,900,000	21,300,000	24,600,000	27,400,000	29,000,000	32,300,000
Net to be raised from Property Tax	104,285,000	103,676,000	103,338,000	103,617,000	104,081,000	103,704,000
Assessed Valuation Real Estate						
As of 1/1	1,168,307,000	1,162,390,000	1,165,014,000	1,161,564,000	1,163,680,000	1,173,417,000
Withdrawals for CRP	- 17,600,000	- 9,000,000	- 15,100,000	- 9,500,000	- 1,900,000	- 300,000
Other Changes	+ 11,683,000	+ 11,624,000	+ 11,650,000	+ 11,616,000	+ 11,637,000	+ 11,734,000
As of 12/31	1,162,390,000	1,165,014,000	1,161,564,000	1,163,680,000	1,173,417,000	1,184,851,000
Valuation of Personal Property, etc.	350,000,000	350,000,000	350,000,000	350,000,000	350,000,000	350,000,000
Total Valuation 1/1	1,512,390,000	1,526,638,000	1,511,564,000	1,513,680,000	1,523,417,000	1,534,851,000
Tax Rate	6.90	6.79	6.84	6.85	6.83	6.76
<u>Suggested Plan</u>						
Total Budget	104,285,000	103,676,000	103,338,000	103,617,000	104,081,000	103,704,000
Additional Capital spending	3,083,000	2,809,000	2,620,000	2,347,000	2,104,000	1,841,000
Total Adjusted Budget	107,368,000	106,485,000	105,958,000	105,964,000	106,185,000	105,545,000
Tax Rate	7.10	6.98	7.01	7.00	6.97	6.88

THE GREATER NEWARK URBAN COALITION
24 COMMERCE STREET O. M. 605
NEWARK, NEW JERSEY 07102

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